



DEFENSE ENERGY SUPPORT CENTER



Preproposal Conference
US Army Garrison, West Point, NY
Utilities Privatization
October 15, 2004



Agenda



- Review Solicitation
- Required Information/Submittals
- Milestones/Timelines
- Defense Energy Support Center POCs
- Question and Answer Period



Purpose of the RFP



- Sell System Infrastructure
- Acquire O&M Service Contract
- Will privatize if
 - Long-term benefit exceeds long-term cost

Notes:

1. Purchase of the Commodity is not Included in the RFP
2. Selection of Contractor will be Based on Best-Value Determination
3. Government Reserves the Right Not to Award the Contract



Systems in the RFP



US Army Garrison, West Point, New York

- Water Distribution System
- Wastewater Collection System

NOTE: Proposals due 21 January 2005



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Section B – Supplies or Services and Prices/Costs

- **All or None (B.2)**

- Allowed but not required
- If all or none is offered
 - Must provide a separate price schedule (B-1 through B-4 as applicable) for each contract line item

- **Service Charges**

- Fixed Monthly Charge
- Monthly Credit as Payment for Purchase Price



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Section B – Supplies or Services and Prices/Costs

•Type of Contract – 4 options

- Tariff
- Firm Fixed Price
- Fixed Price with Economic Price Adjustment
- Fixed Price with Redetermination



Type of Contract



1) Tariff Rate

- Regulated Utilities
 - May Propose Tariff Pricing Instead
 - Tariff Must be Fully and Independently Regulated (a “state-wide” public utility regulatory authority with jurisdiction over the contractor)
 - Tariff Removes CAS Requirement



Type of Contract



2) Firm Fixed Price

- Fixed monthly charge over the 50 year period

3) Fixed Price Economic Price Adjustment

- A price escalator is given by offeror
- Source location and website location, if applicable, must be provided.
- Must give adjustment methodology (whether adjusted annually or monthly)



Type of Contract



4) Fixed Price Contract with Prospective Price Redetermination

- Prices for Initial Capital Upgrades Remain Fixed Throughout the Contract
- Prices for Operations & Maintenance (O&M) and Renewals & Replacements (R&R) Remain Fixed for the First Two Years of Contract
- Prices for O&M and R&R may be Renegotiated After Two Years and Every Three Years Thereafter



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Section C – Description/Specifications/Work Statement

- Contains general requirements applicable to all locations (C.3)
- Performance Standards (C.3.2) – required to adhere at a minimum, to specified industry standards



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Section C – Description/Specifications/Work Statement

- **Response to Service Interruptions and Contingencies (C.7)**

- Procedures and provisions for handling service interruptions in Service Interruption/Contingency Plan

- **Coordination of Work (C.9)(Installation Specific details in Section J)**

- Types of Service Requests
 - Example, Emergency Service Request Response Times



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Section C – Description/Specifications/Statement of Work

- **Environmental Compliance (C.10)**
 - Comply with applicable environmental laws and regulations



Technical Overview of the RFP



Section C – Description/Specifications/Statement of Work ; Upgrades and Renewals and Replacements (C.11)

- Initial Capital Upgrades identified in the Section J should be adhered to by the Offeror and submitted in Proposal
- Future Capital Upgrades Submitted Under Annual Capital Upgrades and Renewals and Replacements Plan (Years 1 – 5)
- Reimbursement of future upgrades (other than



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Section C – Description/Specifications/Statement of Work

- **Operations and Maintenance (C.12)(L.4.2)**
 - Establish and adhere to a Quality Management Plan to ensure safe and reliable operation of the system(s)
 - Consistent with all applicable laws/regulations and requirements of utility-specific attachments (Section J)



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Section C – Description/Specifications/Statement of Work

- **Operational Transition Plan (C.13)(L.4.4)**
 - Describes plan for transfer of the utility system
 - Ensures continuous service from the Government to new owner
 - Contractor proposes performance start date
 - Includes detailed joint inventory of facilities,



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Section C - Description/Specifications/Statement of Work

Historical/Architectural/Landscaping Requirements (C.14)

- Describes different requirements in these areas
- C.15 – C.21 – Other USAG West Point specific requirements
 - Reporting
 - Notification of Inspections
 - Assistance to Cadet Academic Programs
 - Groundwater Guardian Program
 - Watershed for Water only/Not wastewater
 - Security and Vulnerability Analysis
 - CMOM
 - Consent Agreement
 - Dig Safe Permit



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Section F, G, and H - Solicitation Provisions/Clauses

- **Section F - Deliveries or Performance**

- Utilities Service Contract Term - 50 years

- **Section G - Contract Administration Data**

- Contracting Officer's Representative

- Submission and Payment of Invoices

- Accounting Procedures

- The Contractor shall maintain a system of accounts acceptable to the Government as necessary



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Section F, G, and H - Solicitation Provisions/Clauses Con't

• Section H - Special Contract Provisions

- Insurance Requirements (H.2.2)
- Hazardous Substances (H.7)
 - Contractor must comply w/all applicable laws and regulations.
- Accounting for Capital Costs (H.13)
- Construction in Progress (H.14)
- Option to Repurchase Clause (H.16)



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Section I and J – Solicitation Provisions/Clauses/ Attachments

- **Section I – Contract Clauses Incorporated by Reference and in full text**

- Federal Acquisition Regulation (FAR)
- Defense FAR Supplement (DFARS)
- Clauses for regulated entities (I.4)
- Clauses for non-regulated entities (I.5)

- **Section J – Base-Specific Utility-Specific Attachments**

- Base Distribution System Description
- Specific Service Requirements
- Secondary Metering – existing and future



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Section J and K – Solicitation Provisions/Clauses

- **Section J – (continued)**

- Submittals
- Service Area and Off Installation Sites
- Transition Requirements
- Government Recognized Deficiencies (issues above are addressed in the Utility Specific Section J)

- **Section K – Representations, Certifications & Other Statements of Offerors**

- Fill-ins must be completed and provided along with offer



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Section L - Instructions, Conditions, and Notices to Offerors

- **Site Visits and Technical Library (L.2.1.5 and L.2.1.6)**
 - Site Visits:
 - Following industry preproposal conference, to be held on Friday, October 8, 2004.
 - Technical Library
- **Proposal Preparation Instructions (L.3)**



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Section M - Evaluation Factors for Award

• Evaluation Factors and Subfactors (M.3)

-Factor 1: Technical Capability

- Subfactor 1: Service Interruption/Contingency Plan
- Subfactor 2: Operations and Maintenance Plan and Quality Management Plan
 - *including environmental protection and preservation of unique historic and cultural resources.*
- Subfactor 3: Capital Upgrades and Renewals and Replacements Plan
- Subfactor 4: Operational Transition Plan
- Subfactor 5: Financial Strength



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Section M - Evaluation Factors for Award Con't

• Evaluation Factors and Sub-Factors Con't (M.3)

- Factor 2: Past Performance
- Factor 3: Risk
 - Subfactor 1: Performance
 - Subfactor 2: Assurance of Long-term Price and Service Stability
 - Subfactor 3: Cost/Price Realism
- Factor 4: Socioeconomic Plan
- Factor 5: Price

- Objective is to select the proposal that represents the Best Value



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- **Order of Importance for Evaluating Factors and Sub-Factors (M.3.1)**
 - Technical Capability, Past Performance, and Risk are of approximately equal importance.
 - When combined, Technical Capability , Past Performance, Risk, and Socioeconomic Commitment are somewhat more important than Price.



Proposal Preparation Instructions



- **Proposal Organization/Page Limits**

Volume	Title	Max. Page Limit
I	Technical Proposal	200 (Per System)
II	Past Performance	50 (Total)
III	Contract Documentation	None
IIII	Price Proposal	None

- **All Volumes - Provide One Hardcopy**

- Provide 1 original and 4 CD ROMs with Technical, Past Performance, Contract Documentation & Price on each

Note: For Hardcopy...Provide a Separate Binder for Each Volume for Each Utility System; For CD copy...Each Volume must be separate file.



Required Information/Submittals



- **Past Performance References - due when proposal is submitted**
- **Proposal - due 21 Jan 05**
 - (1 original and 4 CD's)
 - Technical
 - Past Performance Information
 - Contract Documentation
 - Price Proposal



Required Information/Submittals



- **Contract Documentation**

- SF 33 – Fill-in and sign
- Section K (Representations and Certifications)
- Exceptions to Terms and Conditions
- Subcontracting Plan – large business only
- Socioeconomic Plan – all businesses



The Four Volumes - Technical -



- **Technical**

- Service Interruption/Contingency Plan
- Quality Management Plan
- Capital Upgrades & Renewals & Replacements Plan
- Operational Transition Plan



The Four Volumes - Technical -



- **Service Interruptions/Contingency Plan**
 - Purpose: To Address Your Capability to Respond to Outages and to Emergency, Urgent, & Routine Service Calls
 - Common Proposal Shortfalls
 - Not Indicating if You will Comply with Emergency, Urgent, & Routine Response/Completion Times
 - Not Indicating if You will Comply with the Installation's Excavation Permit Process
 - Not Indicating if You will Allow the Installation to Reschedule Routine Outages if They Adversely Affect Mission/Operations

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan.



The Four Volumes - Technical -



- **Quality Management Plan**

- Purpose: To Identify Your Performance Standards and O&M Policies & Procedures
- Common Proposal Shortfalls
 - Not Addressing Performance Standards for Each Line Item in Table L-1
 - Not Addressing the Procedures You Use (Tests, Inspections, etc) to Ensure Compliance with the Performance Standards for Each Line Item in Table L-1
 - Not Addressing the Metrics You Use to Monitor the Success of Your Procedures
 - Providing Qualifications of the Incumbent Staff Rather Than Qualifications of the Positions They Fill

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan, however, one or the other must be submitted.



The Four Volumes

- Technical -



- **Capital Upgrades & Renewals & Replacements Plan**

- Purpose: To Identify the Capital Upgrades & Renewals & Replacements You Intend to Accomplish
- Common Proposal Shortfalls
 - Not Providing an Initial 5-Year Plan
 - Not Addressing the Installation's List of Improvements (RFP Section J Attachments) in Your 5-Year Plan
 - Not Providing a Year-by-Year, 50-Year Plan for Renewals & Replacements

Note: Regulated Utilities are not required to submit 50-year plan for R&R.



The Four Volumes

- Technical -



- **Operational Transition Plan**

- Purpose: To Show How You Will Provide a “Seamless” Transition from Gov’t to Contractor Operations
- Common Proposal Shortfalls
 - Not Identifying the Person(s) Authorized to Sign for the Transfer of Inventory
 - Not Indicating if Joint Maintenance Operations are Desired and, if so, When They will Occur
 - Not Stating When the Requested New Meters will be Installed
 - Not Indicating When the Initial, Joint Meter Readings will take Place

Note: Transition plan must be submitted by Regulated & Non-Regulated Utilities



The Four Volumes

- Price -



Schedule B-1

- Purpose: To Indicate Applicable Tariff, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades/Connection Charges, and Recoverable Portion of Purchase Price.
- Common Proposal Shortfalls
 - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

Note: Schedule B-1 is for use by Regulated Utilities



The Four Volumes



- Price - Schedule B-1

- **Applicable Tariff(See B.5.1)**
- **Monthly Credit as Payment for Purchase Price(see B.5.2)**

\$_____ Monthly Credit

_____ # months

_____ Interest Rate

- **Initial Capital Upgrades/Connection Charges**
 - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes

- Price -



Schedules B-2, B-3, and B-4

- Purpose: To Indicate Fixed Monthly Charge, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades, and Recoverable Portion of Purchase Price
- Common Proposal Shortfalls
 - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

Note: Schedule B-2 is for use by Non-Regulated Utilities



The Four Volumes

- Price -



Schedule B-2 Firm Fixed Price Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
 - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
 - Fixed Term (Months): _____
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**

\$_____ Monthly Credit

_____ # months

_____ Interest Rate



The Four Volumes

- Price -

Schedule B-2 (cont'd)



- **Initial Capital Upgrades/Connection Charges**
 - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes

- Price -



Schedule B-3 Fixed-Price Economic Price Adjustment Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
 - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
 - *INDEX FOR ESCALATION (Year 1 THROUGH Year N)*
Internet Location of Index _____ *(KTR fill in)*
Adjustment Methodology (e.g. Annual or Monthly) _____
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**
 - \$ _____ Monthly Credit
 - _____ # months
 - _____ Interest Rate



The Four Volumes

- Price -



Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**

- See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.

- **Recoverable Portion of Purchase Price**

- See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes

- Price -



Schedule B-4 Fixed-Price with Prospective Price Redetermination

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**

- The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.

- **Monthly Credit as Payment for Purchase Price (see B.6.2)**

\$ _____ Monthly Credit

_____ # months

_____ Interest Rate



The Four Volumes

- Price -



Schedule B-4 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
 - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes

- Price -



Schedule 1 - Fixed Monthly Charge (B.7.2)

- Purpose: To Indicate the Monthly Charge for O&M and R&R
- Common Proposal Shortfalls (For Non-Regulated)
 - Not Indicating Exactly How You Computed Your O&M Costs (Manpower, Materials, Transportation, Supplies, Etc)
 - Not Explaining (Mathematically) How You Converted Your O&M Costs to a Monthly O&M Charge
 - Not Explaining (Mathematically) How You Used the Price Data Shown in Schedule 2 to Derive Your Monthly Charge for R&R

Note: Schedule 1 must be submitted by Regulated & Non-Regulated Utilities



The Four Volumes

- Price -



Schedule 1 (B.7.2) Calculation of Fixed Monthly Charge

Component	Monthly Charge	Annual Charge
1. Operations and Maintenance (O&M)		
2. Renewals and Replacements (R&R)		
Total Fixed Monthly Charge (to be entered in Sub-CLIN AA for schedules B-2, B-3, B-4)		



The Four Volumes

- Price -



Schedule 2 - Renewals and Replacements (B.7.3)

- Purpose: To Indicate Price & Description of R&R for Each of the 50 Years of the Contract .
- Common Proposal Shortfalls
 - Not Providing a Description of the R&R for Each of the Years of the Contract addressed above
 - Not Providing a Price for the R&R for Each of the Years of the Contract addressed above

Note: Regulated utilities are not required to submit a Schedule 2



The Four Volumes



DEFENSE ENERGY SUPPORT CENTER

- Price -

Schedule 2 (B.7.3) R&R Schedule

NOTE: Offerors shall list each project individually by

Year	Dollar Amount	Description of Renewal and Replacement
200X		
200X+1		
200X+2		
200X+50		



The Four Volumes

- Price -



Schedule 3 - Initial Capital Upgrade(s)/Connection Charge(s) (B.7.4)

- Purpose: To Indicate Prices for Initial Capital Upgrades
- Common Proposal Shortfalls
 - The List of Proposed Initial Capital Upgrades Shown in Technical Volume does not Match the List of Proposed Initial Capital Upgrades in Schedule 3.
 - Not Including the Improvement Projects (Recommended by the Installation in RFP Section J Attachments) that You Intend to Accomplish
 - Not Realizing Monthly Payments for a Specific Project will not Begin Until Construction of that Specific Project is Complete

Note: Schedule 3 must be submitted by Regulated & Non-Regulated Utilities



Question and Answer Period



- Submit detailed questions regarding solicitation electronically in writing via MS Word, text or email (no PDF).
- DESC will disseminate all responses to questions via RFP Amendment.
- DESC will be the single point of contact regarding this solicitation. All questions should go through Benita Jackson or Douglas Smith.



Defense Energy Support Center POCs



- **Contracting Officer**
 - Benita C. Jackson, (703) 767-9407
benita.jackson@dla.mil
- **Contract Specialist**
 - Douglas Smith, (703) 767-9409
douglas.g.smith@dla.mil
- **Technical Lead**
 - Kevin McCulla, (703) 767-8150
kevin.mcculla@dla.mil



Defense Energy Support Center Preproposal Conference



Questions and Answers

DESC Website:

**[http://www.desc.dla.mil/DCM/DCMPage.asp?
pageid=246](http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246)**